



## American Recovery & Reinvestment Act of 2009 COBRA Subsidy FAQ's

### WHO:

#### Q. Who is covered by the Act?

A. The act defines "Assistance Eligible Individuals" (AEI's for short) as employees (and their eligible dependents) who were/are *involuntarily terminated for a reason other than gross misconduct* between September 1, 2008 and December 31, 2009. The Act does not specify that an individual must have been a part of a Reduction in Force. AEI's are NOT eligible if they are eligible for other group coverage (ex: through a spouse) or eligible for Medicare. Of those eligible for the subsidy:

1. Current COBRA beneficiaries have been eligible for the subsidy since 3/1/09.
2. COBRA qualified beneficiaries who have declined COBRA or whose COBRA has ceased for non-payment will be given a one-time opportunity to elect COBRA with the subsidy for an effective date of March 1, 2009. However, coverage will not extend beyond what the original termination date would have been if COBRA had been elected as of the original qualifying event date.
3. Applicants must have a modified Adjusted Gross Income of less than \$145,000 (\$290,000 for joint filers).

### WHAT:

#### Q. What is the effective date of the subsidy?

A. The subsidy began with the start of the first full coverage period following February 17, 2009 (in almost all cases this is March 1, 2009).

#### Q. What plans are covered by the Act?

A. Medical, Dental, EAP, Vision and HRA

#### Q. What is the subsidy amount?

A. 65% of the cost of the monthly COBRA premium. As an active COBRA participant who certifies for the subsidy, you will pay 35% of the premium.

#### Q. What is the effective date of COBRA coverage for prior declines electing COBRA during the special election period?

A. Coverage is **not** retroactive for individuals with qualifying event dates prior to February 17, 2009. Coverage begins the start of the first full coverage period following February 17, 2009 (in almost all cases this is March 1, 2009).



## **HOW:**

### **Q. How does severance impact the subsidy?**

**A.** The subsidy is only available for the unpaid portion of the COBRA premium. Therefore, whatever is unpaid by the severance agreement will be subsidized 65% and the employee would pay the remaining 35%. If the employer as part of a severance agreement pays COBRA in full, the subsidy is not available.

### **Q. How long does the subsidy last?**

**A.** The earlier of nine months or the last day of the participant's COBRA coverage period. To determine the end of the COBRA coverage period you would start the clock when they were first eligible for COBRA coverage if eligible prior to March 1, 2009. *Note that if an AEI becomes eligible for other coverage (such as Medicare or other group coverage) their subsidy will end. The participant is responsible for notifying Mangrove of their eligibility for other coverage subject to a penalty equal to 110% of the subsidy.*

### **Q. How do I certify to receive the reduction in premium?**

**A.** Mangrove will be notified by your sponsoring employer that you have experienced a qualifying event to lose benefits. Mangrove will mail to your last known address a COBRA election packet. Enclosed in this packet will be two forms you must complete and return to Mangrove:

1. COBRA Continuation Coverage Election Form: *Complete this form to make a positive election COBRA and return to Mangrove. You must identify the lines of coverage you wish to continue while on COBRA.*
2. Request for Treatment as an Assistance Eligible Individual: *Complete this form to certify for the reduction in premium. You must meet all criteria (see top of form) Complete this form, sign and return to Mangrove*

Once Mangrove has been in receipt of these forms you will receive COBRA Billing Coupons. These coupons will identify the full cost of the premium, minus the 65% subsidy and the balance due.

If for any reason you are found not eligible for the subsidy, Mangrove will issue a letter of denial to you for the subsidy. You are still eligible to continue with COBRA, but there would be no reduction in the cost.